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TAGS: MARR PREL GM

SUBJECT: HOST NATION SENSITIVITY SURVEY: MOVEMENT AND
TRANSFORMATION OF USAREUR HQ

REF: EUCOM MSG DTG 061217Z JAN 09

Classified By: ACTING POLITICAL MINISTER COUNSELOR STAN OTTO. REASONS:
1.4 (B) AND (D).

¶1. (S) Reftel requested Embassy Berlin's assessment of host nation sensitivity regarding USAREUR's plan to inactivate or move almost all units out of installations in Mannheim and Heidelberg and to constitute the new 7th Army headquarters in Wiesbaden, Germany.

¶2. (S) This message provides Embassy Berlin's assessment of host nation sensitivity to the proposed overseas force structure change (OFSC), which is to be notified to host nation officials in February 2009 and to be completed during the period FY10 through FY 13. Upon DoD approval of the OFSC, Embassy Berlin will consult with the German government on closure of the 24 affected sites.

¶3. (S) Government Reaction. We do not anticipate a negative German federal government reaction to the proposed change, which has been long anticipated. The plan to draw down sites in Heidelberg and Mannheim was first briefed to the German government in 2004 and has been public knowledge since 2005. However, the fact that the move will result in a net loss of 1,300 local national jobs overall (see paras 7-8 for further details), at a time when the German economy is already going into recession, will certainly be unwelcome. Both the state of Baden-Wurttemberg and the cities of Mannheim and Heidelberg began an effort in the fall of 2008 to convince USAREUR and the U.S. Government to consider abandoning this long-planned re-stationing action, largely because of the anticipated negative economic impact.

¶4. (S) Given the relatively large number of employees affected and the significant economic disruption to local economies, we foresee a possible state of Baden-Wurttemberg request for federal German help for the dislocated employees and possibly for the cities of Heidelberg and Mannheim themselves. We can also expect Baden-Wurttemberg and the affected cities to continue to seek high-level U.S. reconsideration of the decision. The retention of the EUCOM, SOCEUR and AFRICOM headquarters in Baden-Wurttemberg, plus the anticipated increase in local national jobs in the Baden-Wurttemberg city of Germesheim and continued employment opportunities and U.S. construction expenditures throughout the state, should serve to mitigate the disruptive effects.

¶5. (S) The outlook in the state of Hesse, where Wiesbaden is located, is overall positive, although the loss of local national jobs in Giessen will likely subdue Hesse's enthusiasm for the plan. In spite of its mixed economic effects, the large U.S. investment in constructing a new HQ in Hesse clearly reveals a long-term U.S. intention to

station military forces in Germany.

¶6. (S) Press response. Some national media and much state and local media attention can be expected. While the strategic importance of the decision to recommit to stationing of a reorganized USAREUR/7th Army headquarters in Wiesbaden will not go unnoticed, displacement of employees and disruption of local economies is likely to constitute the majority of state and local press reports, which are likely to be largely negative.

¶7. (S) Economic Impact. The move will result in the loss of almost 2,000 local national jobs in the Baden-Wurttemberg cities of Mannheim (865) and Heidelberg (843) and in the Hessian city of Giessen (289). While these job losses will not be significant for the Baden-Wurttemberg and Hessian economies as a whole (they are among the wealthiest German states), they will have a notable impact on the local communities affected. Also adversely affecting these cities will be the departure of more than 8,000 U.S. military and civilian personnel and the loss of the economic activity that they and their families generate.

¶8. (S) The local national job losses in Mannheim, Heidelberg and Giesen will only be partially offset by an increase in local national jobs in the Baden-Wurttemberg city of Germersheim (366), the Rhineland-Palinate city of Kaiserslautern (50) and in the Hessian city of Wiesbaden (237). The move will result, therefore, in a net loss of approximately 1,300 local national jobs for the German economy as a whole. As noted above, this news will not be welcomed at a time when Germany is already going into recession and suffering rising unemployment.

Koenig